

TOWNSHIP OF GILEAD
FINANCIAL STATEMENTS
MARCH 31, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* <u>Township of Gilead</u>	County* <u>Branch County</u>	Type* <u>Township</u>	MuniCode* <u>12</u>
Opinion Date-Use Calendar* <u>Dec. 17, 2008</u>	Audit Submitted-Use Calendar* <u>Dec 30, 2008</u>	Fiscal Year End Month* <u>March</u>	Fiscal Year* <u>2008</u>

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan as revised (see Appendix E of Bulletin)?
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? <u>NA</u>
<input type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies? 19. If so, was it attached to the audit report?

General Fund Revenue:	<u>82,410.</u>
General Fund Expenditure:	<u>78,027</u>
Major Fund Deficit Amount:	\$ <u>0.00</u>

General Fund Balance:	<u>115,658</u>
Governmental Activities Long-Term Debt (see instructions):	<u>none</u>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* <u>David</u>	Last Name* <u>Locey</u>	Ten Digit License Number* <u>1101012773</u>		
CPA Street Address* <u>67036 N. M-66</u>	City* <u>Sturgis</u>	State* <u>MI</u>	Zip Code* <u>49091</u>	Telephone*
CPA Firm Name* <u>David F. Locey, CPA</u>	Unit's Street Address*	Unit's City*	Unit's Zip*	

TOWNSHIP OF GILEAD

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Combined Balance Sheet - All Fund Types	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	4
NOTES TO FINANCIAL STATEMENTS	5 - 9
Statement of Revenues - Budget and Actual General Fund	10
Statement of Expenditures - Budget and Actual General Fund	11
Combining Balance Sheet - Trust and Agency Funds	12
Combined Statement of Changes in Assets and Liabilities All Agency Funds	13
Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with government auditing standards	14

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INDEPENDENT AUDITOR'S REPORT

To the Township Board
Township of Gilead, Branch County
Bronson, Michigan

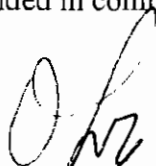
We have audited the accompanying financial statements of the governmental activities of the Township of Gilead, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Gilead, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note F to the financial statements, management has not reported its financial statement under GASB 34 reporting format. As a result, no management discussion and analysis report, government wide statement of net assets, or government wide statement of activities is included. Management has not recorded certain general assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets and expenses of the governmental activities. The amount by which this departure would affect the assets and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United State of America, the financial position of the governmental activities of the Township of Gilead, Michigan, as of March 31, 2008, and the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Gilead, Michigan as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read 'D. Locey', is positioned above the printed name.

David F. Locey, CPA, PC
Sturgis, Michigan
December 17, 2008

Township of Gilead, Branch County
Combined Balance Sheet
All Fund Types
March 31, 2008

	<u>Governmental Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Trust and Agency</u>	<u>Reporting Entity</u>
<u>ASSETS</u>			
Cash	\$99,327	\$2,000	\$101,327
Interest Receivable	0	0	0
Receivables			
Taxes and State	14,265	0	14,265
Pre-Paid Expenses	<u>2,323</u>	<u>0</u>	<u>2,323</u>
 Total Assets	 <u><u>\$115,914</u></u>	 <u><u>\$2,000</u></u>	 <u><u>\$117,914</u></u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities			
Accounts Payable	<u>\$256</u>	<u>\$0</u>	<u>\$256</u>
Total Current Liabilities	<u>256</u>	<u>0</u>	<u>256</u>
 Fund Equity			
Reserved for			
Perpetual Care	0	2,000	2,000
Unreserved--Undesignated	<u>115,658</u>	<u>0</u>	<u>115,658</u>
Total Fund Equity	<u>115,658</u>	<u>2,000</u>	<u>117,658</u>
 Total Liabilities and Fund Equity	 <u><u>\$115,914</u></u>	 <u><u>\$2,000</u></u>	 <u><u>\$117,914</u></u>

Township of Gilead, Branch County
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
March 31, 2008

	<u>Governmental Fund Types</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Reporting Entity</u>
Revenues		
Taxes	\$25,641	\$25,641
Licenses and Permits	340	340
State Grants	51,516	51,516
Charges for Service	900	900
Interest	146	146
Other Revenue	<u>3,868</u>	<u>3,868</u>
Total Revenues	<u>82,410</u>	<u>82,410</u>
Expenditures		
Legislative-Township Board	1,320	1,320
General Government	36,176	36,176
Public Safety	19,764	19,764
Public Works	<u>20,767</u>	<u>20,767</u>
Total Expenditures	<u>78,027</u>	<u>78,027</u>
Excess of Revenues Over (Under) Expenditures	<u>4,383</u>	<u>4,383</u>
Fund Balance - April 1, 2007	<u>111,275</u>	<u>111,275</u>
Fund Balance - March 31, 2008	<u><u>\$115,658</u></u>	<u><u>\$115,658</u></u>

Township of Gilead, Branch County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended March 31, 2008

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$27,700	\$25,641	(\$2,059)
Licenses and Permits	1,000	340	(660)
State Grants	52,000	51,516	(485)
Charges for Service	800	900	100
Interest	500	146	(354)
Other Revenue	6,000	3,868	(2,132)
Total Revenues	88,000	82,410	(5,590)
Expenditures			
Legislative-Township Board	1,850	1,320	530
General Government	45,750	36,176	9,574
Public Safety	15,400	19,764	(4,364)
Public Works	25,000	20,767	4,233
Total Expenditures	88,000	78,027	9,973
Excess of Revenues Over (Under) Expenditures	0	4,383	4,383
Fund Balance - April 1, 2007	111,275	111,275	0
Fund Balance - March 31, 2008	<u>\$111,275</u>	<u>\$115,658</u>	<u>\$4,383</u>

**Township of Gilead, Branch County
Notes to Financial Statements
For the Year Ended March 31, 2008**

NOTE A – DESCRIPTION OF TOWNSHIP OPERATIONS AND FUND TYPES

Township of Gilead is located in Branch County and provides services in many areas including public safety, highways and streets, and general administrative services. The Township is governed by a five member board elected by the citizens of Township of Gilead. The board consists of the supervisor, clerk, treasurer, and two trustees who reside in the community.

Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Township (the primary government) and its component units (none). The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading, if data were not included.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

GOVERNMENTAL FUNDS

General Fund

The general fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, State revenue sharing distributions, and permits.

FIDUCIARY FUNDS

Trust and Agency Funds

Trust and agency funds are used to account for the assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations.

Gilead Township
Notes to Financial Statements – Continued
For the Year Ended March 31, 2008

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental Funds

All governmental funds utilize the modified accrual basis of accounting which provides that revenues be recorded when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recorded when the related liability is incurred.

Fiduciary Funds

The fiduciary funds are maintained on a cash basis which is consistent with the accounting measurement objectives of the funds. Reporting these funds on a cash basis does not have an effect materially different from reporting them on the accrual or modified accrual basis as required by generally accepted accounting principles.

Nonexpendable trust funds use the full accrual basis of accounting. Revenue and other sources are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the related liability is incurred.

BUDGETS AND BUDGETARY ACCOUNTING

Reporting Entity

The annual budget is prepared by the Township Board and adopted by the Township Board at the annual public hearing. All subsequent amendments to the budget are approved by the Township Board. The General Fund is under formal budgetary control. The budget has been prepared in accordance with generally accepted accounting principles. The budget has been adopted on an activity basis.

Budgeted revenues and expenditures include any authorized amendments to the original budget as adopted.

Property Taxes

The Township's 2007 ad valorem tax is levied and collectible on December 1, 2007, based on the assessments made the previous December 31. It is the Township's policy to recognize revenues from the current tax levy in the current year when the proceeds of this levy are budgeted and made available for financing of the Township operations. Property taxes are recognized when levied since the County purchases the delinquent taxes each year.

Gilead Township
Notes to Financial Statements – Continued
For the Year Ended March 31, 2008

Total Column on Combined Statements – Overview

The total columns of the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of the operations or changes in financial position, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation because interfund elimination's have not been made in the aggregation of this data.

NOTE C – MATERIAL VIOLATION OF LEGAL AND CONTRACTUAL PROVISIONS

Budget Violations

Public Act 621 of 1978, Section 18(1), as amended, requires the adoption of a balanced budget for the General Fund, as well as budget amendments as needed to prevent actual expenditures from exceeding those amounts appropriated.

Fire Protection exceeded the budgeted amount by \$4,364.

NOTE D – BALANCE SHEET CASH AND INVESTMENTS

Deposits are carried at cost. Deposits of the Township are at one bank in the name of Township of Gilead. Michigan compiled Laws (MCL), Section 129.91, authorizes a local unit to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds securities, and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

Gilead Township
Notes to Financial Statements – Continued
For the Year Ended March 31, 2008

The Governmental Accounting Standards Board (GASB) Statement No. 3, risk disclosures for the Township's cash deposits are as follows:

	<u>Reporting Unit</u>
<u>Deposits</u>	<u>Carrying Amount</u>
Insured (FDIC)	\$100,000
Uninsured	<u>1,327</u>
Total Deposits	<u><u>\$101,327</u></u>

NOTE E – RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries. The Township participates in the Michigan Township Participating Plan (MTTP). The plan covers general liability, non-owned/hired automobile liability, errors and omissions, property damage, and inland marine. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The MTTP was created pursuant to the authority of a: Article 7, Section 28, Michigan Constitution of 1963; b) Section 1, Chapter 124, Michigan Compiled Laws (PA No. 35, 1951, as amended by PA No. 138, 1982).

The Michigan Township Participating Plan, while it operates under the Michigan Legislation of Public Act 138, does not operate as a risk pool due to a total transfer of risk to reinsurance companies backing the Par-Plan. Due to this reinsurance purchase, there is no pooling of risk between members. The plan has protected itself in the event a reinsurance becomes uncollectible by purchasing reinsurance treaties for uncollectible reinsurance.

The Par-Plan chose to adopt the forms and endorsements of conventional insurance protection and to reinsure these coverage's 100%, rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have reinsurance above that retention amount.

The plan does not operate a risk pool, but provides conventional insurance protection and reinsures these coverage's 100%. As such, when contributions are received from members, they are immediately turned over to the plan administrator for remittance to reinsurers less administrative fees on a timely basis. During the years ended March 31, 2008 and 2007, the costs for risk control and claims administration were included in the rate paid to the administrator.

The plan has reinsured 100% of its loss reserves and consequently has not reflected a liability for loss reserves on its balance sheet.

Gilead Township
Notes to Financial Statements – Continued
For the Year Ended March 31, 2006

The Plan has continued to use the services of Integrated Runoff Insurance Services Corporation (IRISC) to assist in formalizing loss reserve standards and in settling loss and loss adjustment expense reserves. IRISC has maintained its philosophy that the potential for governmental immunity should be ignored when setting case reserves, even though trends continue to indicate that average cases close for substantially less than the reserve estimates.

NOTE F – GASB 34 REPORTING FINANCIAL

Township has elected not to convert to GASB 34 format, therefore assets owned by the Township such as building and equipment are not stated at current values as of 03/31/2008, also no current charge is being recorded for current year depreciation. Accordingly the Management and Discussion Analysis Letter, Statement of Net Assets, and Statement of Activities are not included per GASB 34 format.

Township of Gilead, Branch County
Statement of Revenues - Budget and Actual - General Fund
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Property Taxes			
Current Property Taxes	\$20,000	\$17,624	(\$2,376)
Property Taxes Administration Fee	<u>7,700</u>	<u>8,016</u>	<u>316</u>
Total Property Taxes	<u>27,700</u>	<u>25,641</u>	<u>(2,059)</u>
Licenses and Permits			
Zoning Permits	<u>1,000</u>	<u>340</u>	<u>(660)</u>
Total Licenses and Permits	<u>1,000</u>	<u>340</u>	<u>(660)</u>
State Aid	<u>52,000</u>	<u>51,516</u>	<u>(485)</u>
Total State Aid	<u>52,000</u>	<u>51,516</u>	<u>(485)</u>
Charge for Services			
Lot Sales	<u>800</u>	<u>900</u>	<u>100</u>
Total Charge for Services	<u>800</u>	<u>900</u>	<u>100</u>
Interest	<u>500</u>	<u>147</u>	<u>(353)</u>
Total Interest	<u>500</u>	<u>147</u>	<u>(353)</u>
Other Revenue			
Miscellaneous - Other Revenue	<u>6,000</u>	<u>3,868</u>	<u>(2,132)</u>
Total Other Revenue	<u>6,000</u>	<u>3,868</u>	<u>(2,132)</u>
Total Revenue	<u>88,000</u>	<u>82,411</u>	<u>(5,589)</u>
Total Revenue	<u><u>\$88,000</u></u>	<u><u>\$82,411</u></u>	<u><u>(\$5,589)</u></u>

Township of Gilead, Branch County
Statement of Expenditures - Budget and Actual - General Fund
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Legislative			
Township Board	<u>\$1,850</u>	<u>\$1,320</u>	<u>\$530</u>
Total Legislative	<u>1,850</u>	<u>1,320</u>	<u>530</u>
General Government			
Supervisor	4,500	4,500	0
Assessor	6,200	10,733	(4,533)
Township Hall	2,500	788	1,712
Clerk	5,050	0	5,050
Board of Review	500	502	(2)
Treasurer	6,250	6,500	(250)
Cemetery	3,500	3,040	460
Zoning Board of Appeals	3,200	2,300	900
Election	3,000	903	2,097
Unallocated Expenses	<u>11,050</u>	<u>6,911</u>	<u>4,139</u>
Total General Government	<u>45,750</u>	<u>36,176</u>	<u>9,574</u>
Public Safety			
Fire Protection	<u>15,400</u>	<u>19,764</u>	<u>(4,364)</u>
Total Public Safety	<u>15,400</u>	<u>19,764</u>	<u>(4,364)</u>
Public Works			
Roads	22,500	19,214	3,286
Drains	<u>2,500</u>	<u>1,554</u>	<u>946</u>
Total Public Works	<u>25,000</u>	<u>20,767</u>	<u>4,233</u>
Total Expenditures	<u><u>\$88,000</u></u>	<u><u>\$78,027</u></u>	<u><u>\$9,973</u></u>

Township of Gilead, Branch County
Combining Balance Sheet - Trust and Agency Funds
March 31, 2008

	<u>AGENCY FUND</u>	<u>TRUST FUND</u>	
		Non Expendable Cemetery	
	<u>Tax Collection</u>		<u>Total</u>
<u>ASSETS</u>			
Cash and Interest Bearing Deposits	<u>\$0</u>	<u>\$2,000</u>	<u>\$2,000</u>
Total Assets	<u><u>\$0</u></u>	<u><u>\$2,000</u></u>	<u><u>\$2,000</u></u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity			
Reserve for Perpetual Care	<u>0</u>	<u>2,000</u>	<u>2,000</u>
Total Fund Equity	<u>0</u>	<u>2,000</u>	<u>2,000</u>
Total Liabilities and Fund Equity	<u><u>\$0</u></u>	<u><u>\$2,000</u></u>	<u><u>\$2,000</u></u>

Township of Gilead, Branch County
Combined Statements of Changes in Assets and Liabilities - All Agency Funds
March 31, 2008

TAX COLLECTION FUND

	<u>April 1, 2007</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>March 31, 2008</u>
Assets				
Cash	<u>\$0</u>	<u>\$576,085</u>	<u>\$576,085</u>	<u>\$0</u>
Total Assets	<u>\$0</u>	<u>\$576,085</u>	<u>\$576,085</u>	<u>\$0</u>
Liabilities				
Due General Fund - Other Units	<u>\$0</u>	<u>\$576,085</u>	<u>\$576,085</u>	<u>\$0</u>
Total Liabilities	<u>\$0</u>	<u>\$576,085</u>	<u>\$576,085</u>	<u>\$0</u>

David F. Locey, C.P.A., P.C.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Township Board
Township of Gilead, Branch County
Bronson, Michigan

We have audited the general purpose financial statements of the Township of Gilead, Branch County, as of and for the year ended March 31, 2008, and have issued our report thereon dated December 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township of Gilead's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

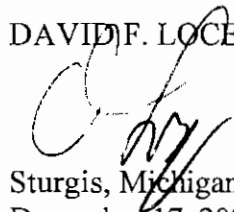
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Gilead's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material

weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

DAVID F. LOCEY, C.P.A., P.C.

A handwritten signature in black ink, appearing to read 'D. Locsey', is written over the printed name.

Sturgis, Michigan
December 17, 2008